

MUSICK, PEELER & GARRETT LLP
ATTORNEYS AT LAW

GREGORY J. PATTERSON
g.patterson@mpglaw.com
(805) 418-3103

2801 TOWNSGATE ROAD, SUITE 200
WESTLAKE VILLAGE, CALIFORNIA 91361

TELEPHONE: (805) 418-3100
FACSIMILE: (805) 418-3101
WWW.MPGLAW.COM

LOS ANGELES
ORANGE COUNTY
SAN DIEGO
SAN FRANCISCO
SANTA BARBARA
WESTLAKE VILLAGE

November 19, 2007

Cindi Mitton, P.E.
California Regional Water Quality Control Board
Lahontan Region
14440 Civic Drive, Suite 200
Victorville, CA 92395

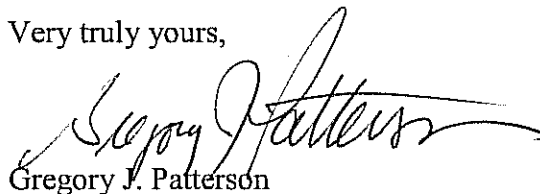
Re: 660 West Avenue L, Lancaster, California
Covenant and Environmental Restriction on Property

Dear Ms. Mitton:

This office represents RJC Investments, LLC with respect to the placement of a Covenant and Environmental Restriction on Property located at 660 West Avenue L, Lancaster, California. Recordation of this Covenant was required by the Water Board to obtain the No Further Action Letter for this property. Enclosed you will find an executed copy of the Covenant and Environmental Restriction on Property that was recorded by the County.

If you have any questions regarding this matter, please call me at (805) 418-3103.

Very truly yours,



Gregory J. Patterson
for MUSICK, PEELER & GARRETT LLP

GJP:lp
Enclosure

cc: Ronald H. Carter (w/o enclosure)
560780.1

11/21/07

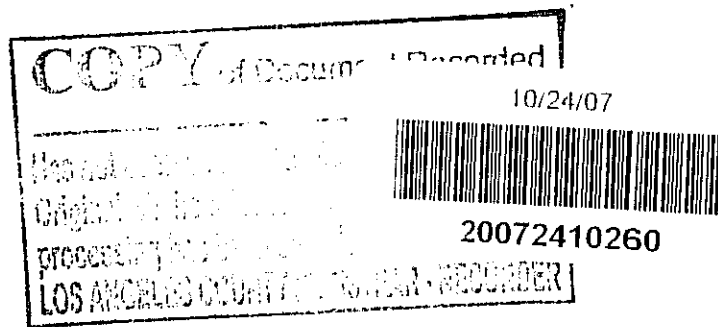
CRWQCB REG 6	
Rec'd	NOV 21 2007
DP	
File	681900895T

Closed Site

RECORDING REQUESTED BY
MUSICK, PEELER & GARRETT LLP

WHEN RECORDED MAIL TO
NAME Gregory J. Patterson, Esq.
Musick, Peeler & Garrett LLP
MAILING 2801 Townsgate Road
ADDRESS Suite 200

CITY, STATE Westlake Village, CA
ZIP CODE 91361



SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

TITLE(S)

COVENANT AND ENVIRONMENTAL RESTRICTION ON PROPERTY

RECORDING REQUESTED BY:

Eroza-Grasso, LLC, a California Limited Liability Company
13977 Saddle Ridge Road
Sylmar, CA 91342-1150

WHEN RECORDED MAIL TO:

Executive Officer
California Regional Water Quality Control Board
Lahontan Region
14440 Civic Drive, Suite 200
Victorville, CA 92392

COVENANT AND ENVIRONMENTAL RESTRICTION ON PROPERTY

660 WEST AVENUE L, LANCASTER, CA 93534

This Covenant and Environmental Restriction on Property ("Covenant") is made as of the 10 day of September, 2007, by Eroza-Grasso, LLC, a California Limited Liability Company ("Covenantor") who is the Owner of record of that certain property situated at 660 West Avenue L, in the City of Lancaster, County of Los Angeles, State of California, which is more particularly described in Exhibit A attached hereto and incorporated herein by this reference (hereinafter referred to as the "Burdened Property"), for the benefit of the California Regional Water Quality Control Board, Lahontan Region ("Board"), with reference to the following facts:

A. Hazardous Materials. The Burdened Property contains Hazardous Materials.

B. Contamination of the Burdened Property. The soil at the Burdened Property was contaminated by the use of underground storage tanks containing gasoline and waste oil and operated by previous owners and/or tenants. The known soil contamination consisted of organic chemicals including total petroleum hydrocarbons (TPH) as gasoline and diesel, toluene, ethylbenzene, and xylene which constitute hazardous materials. Three underground storage tanks and one waste oil tank were removed and a portion of contaminated soil was excavated. In addition, the Burdened Property has been subject to soil remediation consisting of the operation of a soil vapor extraction system for approximately fourteen (14) months. During this period, approximately 2,600 pounds of fuel related hydrocarbons were removed from the soil. During the most recent round of post remediation confirmation soil sampling in November 2006, the maximum concentrations of fuel-related compounds reported were as follows: 1,200 milligrams per kilogram (mg/kg) of TPH as gasoline at 20 feet below grade surface and 2,900 mg/kg of TPH as diesel at 20 feet below grade surface. Maximum levels of benzene, toluene, ethylbenzene and xylenes reported to remain in soil were 0.002 mg/kg, 1.3 mg/kg, 5.7 mg/kg and 59 mg/kg, respectively. A Quantitative Human Health Risk Assessment also was performed. For future residential receptors, the non-cancer hazard index (HI) was 1.3, slightly above the acceptable HI of 1. For future commercial/industrial receptors, the non-cancer HI was .6.

C. Exposure Pathways. The Hazardous Materials addressed in this Covenant are present in the soil at the Burdened Property. Without the mitigation measures which have been performed on the Burdened Property, exposure to these Hazardous Materials could take place via direct contact with soils and inhalation of vapors. The risk of public exposure to the Hazardous Materials has been substantially lessened by the remediation and controls described herein.

D. Land Uses and Population Potentially Affected. The Burdened Property is used for commercial/industrial purposes and is adjacent to other commercial and industrial land uses.

E. Disclosure and Sampling. Covenantor has made full and voluntary disclosure to the Board of the presence of Hazardous Materials on the Burdened Property and extensive sampling of the Burdened Property has been conducted.

F. Use of Burdened Property. Covenantor desires and intends that in order to benefit the Board, and to protect the present and future public health and safety, the Burdened Property shall be used in such a manner as to avoid potential harm to persons or property that might result from any hazardous materials that might remain deposited on portions of the Burdened Property. The Covenantor intends to impose certain covenants, conditions and environmental restrictions on the Burdened Property.

ARTICLE I GENERAL PROVISIONS

1.1 Provisions to Run with the Land. This Covenant sets forth protective provisions, covenants, conditions and restrictions (collectively referred to as "Restrictions") upon and subject to which the Burdened Property and every portion thereof shall be improved, held, used, occupied, leased, sold, hypothecated, encumbered, and or conveyed. The Restrictions are reasonably necessary to protect present and future human health and safety or the environment as a result of the presence on the land of hazardous materials. Each and all of the Restrictions shall run with the land and pass with each and every portion of the Burdened Property, and shall apply to, inure to the benefit of, and bind the respective successors in interest thereof, for the benefit of the Board and all Owners and Occupants. Each and all of the Restrictions: (1) are imposed upon the entire Burdened Property, unless expressly stated as applicable to a specific portion of the Burdened Property; (2) run with the land pursuant to section 1471 of the Civil Code; and (3) are enforceable by the Board or any other federal, state or local governmental agency with jurisdiction over public health or environmental remediation

1.2 Concurrence of Owners and Lessees Presumed. All purchasers, lessees, and possessors of all or any portion of the Burdened Property shall become Owners or Occupants as defined herein and shall be deemed by their purchase, leasing, or possession of the Burdened Property to be bound by the Restrictions and to agree for and among themselves, their heirs, successors, and assignees, and the agents, employees, and lessees of such owners, heirs, successors, and assignees, that the Restrictions herein established must be adhered to for the benefit of the Board and all Owners and Occupants of the Burdened Property, and that the interest of all Owners and Occupants of the Burdened Property shall be subject to the Restrictions contained herein.

1.3 Incorporation into Deeds and Leases. Covenantor desires and covenants that the Restrictions shall be incorporated in and attached to each and all deeds and leases of all or any portion of the Burdened Property. Recordation of this Covenant shall be deemed binding on all successors, assigns, and lessees, regardless of whether a copy of this Covenant has been attached to or incorporated into any given deed or lease.

1.4 Purpose. It is the purpose of this instrument to convey to the Board real property rights, which will run with the land, to facilitate the remediation of past environmental contamination and to protect human health and the environment by reducing the risk of exposure to residual hazardous materials.

ARTICLE II DEFINITIONS

2.1 Board. "Board" shall mean the California Regional Water Quality Control Board, Lahontan Region and shall include its successor agencies, if any.

2.2 Improvements. "Improvements" shall mean all buildings, structures, roads, driveways, gradings, re-gradings, and paved areas, constructed or placed upon any portion of the Burdened Property.

2.3 Occupant or Occupants. "Occupant" or "Occupants" shall mean Owners and those persons entitled by ownership, leasehold, or other legal relationship to the right to use and or occupy all or any portion of the Burdened Property.

2.4 Owner or Owners. "Owner" or "Owners" shall mean the Covenantor and Covenantor's successors in interest who hold title to all or any portion of the Burdened Property.

2.5 Hazardous Material. "Hazardous Material" means a substance or waste that because of its physical, chemical or other characteristics, may pose a risk of endangering human health or safety or of degrading the environment. "Hazardous Material" includes, but is not limited to, all of the following: (1) a hazardous substance, as defined in Section 25281 or 25316 of the California Health and Safety Code; (2) a hazardous waste, as defined in Section 25117 of the California Health and Safety Code; (3) a waste, as defined in Section 470 of the California Health and Safety Code or as defined in Section 13050 of the California Water Code.

ARTICLE III DEVELOPMENT, USE AND CONVEYANCE OF THE BURDENED PROPERTY

3.1 Restrictions on Development and Use. Covenantor promises to restrict the use of the Burdened Property as follows:

- a. Development and use of the Burdened Property shall be restricted to industrial, commercial or office space;
- b. No residence for human habitation shall be permitted on the Burdened Property;
- c. No hospitals shall be permitted on the Burdened Property;

d. No schools for persons under 21 years of age shall be permitted on the Burdened Property;

e. No day care centers for children or day care centers for senior citizens shall be permitted on the Burdened Property;

f. No Owner or Occupant shall conduct or permit any excavation work on the Burdened Property, unless expressly permitted in writing by the Board. Any contaminated soils brought to the surface by grading, excavation, trenching, or backfilling shall be managed by the Owner, Owner's agent, Occupant or Occupant's agent in accordance with all applicable provisions of local, state and federal law;

g. Any excavation conducted on the Burdened Property shall be performed pursuant to an appropriate and fully implemented Health and Safety Plan approved by the Board;

h. All uses and development of the Burdened Property shall be consistent with any applicable Board Order or Risk Management Plan, each of which is hereby incorporated herein by reference, and including future amendments thereto. All uses and development shall preserve the integrity of any cap, any remedial measures taken or remedial equipment installed pursuant to the requirements of the Board, unless otherwise expressly permitted in writing by the Board;

i. No Owner or Occupant shall drill, bore, otherwise construct, or use a well for the purpose of extracting water for any use, including but not limited to, domestic, potable, or industrial uses, unless expressly permitted in writing by the Board; nor shall the Owner or Occupant permit or engage any third party to do such acts;

j. The Owner or Occupant shall notify the Board of each of the following: (1) the type, cause, location and date of any disturbance to any cap, any remedial measures taken or remedial equipment installed pursuant to the requirements of the Board, which could affect the ability of such cap or remedial measures, remedial equipment, or monitoring system to perform their respective functions; and (2) the type and date of repair of such disturbance. Notifications to the Board shall be made by registered mail within ten (10) working days of both the date of discovery of such disturbance and the date of completion of repairs;

k. The Covenantor agrees that the Board, and any person acting pursuant to Board orders, shall have reasonable access to the Burdened Property for the purposes of inspection, surveillance, maintenance, or monitoring as provided in Division 7 of the Water Code; and

l. No Owner or Occupant shall act in any manner that threatens or is likely to aggravate or contribute to the existing contaminated conditions of the Burdened Property. All use and development of the Burdened Property shall preserve the integrity of any capped areas.

3.2 Enforcement. Failure of an Owner or Occupant to comply with any of the Restrictions set forth in Paragraph 3.1 shall be grounds for the Board or any other federal, state or local governmental agency with jurisdiction over public health or environmental cleanup, by the authority of this Covenant, to require that the Owner or Occupant modify or remove, or cause to be modified or removed, any Improvements constructed in violation of that Paragraph. Violation of this Covenant shall also be grounds for the Board or any other federal, state or local

governmental agency with jurisdiction over public health or environmental cleanup, to file civil actions against the Owner or Occupant as provided by law.

3.3 Notice in Agreements. After the date of recordation hereof, all Owners and Occupants shall execute a written instrument which shall accompany all purchase agreements or leases relating to all or any portion of the Burdened Property. Any such instrument shall contain the following statement:

The land described herein contains hazardous materials in soils under the property and is subject to a Covenant and Environmental Restriction dated as of _____, 20__, and recorded on _____, 20__, in the Official Records of _____ County, California, as Document No. _____, which Covenant and Environmental Restriction imposes certain covenants, conditions, and restrictions on usage of the property described herein. This statement is not a declaration that a hazard exists.

ARTICLE IV VARIANCE, TERMINATION AND TERM

4.1 Variance. Any Owner or, with the Owner's written consent, any Occupant of the Burdened Property or any portion thereof may apply to the Board for a written variance from the provisions of this Covenant.

4.2 Termination. Any Owner or, with the Owner's written consent, any Occupant of the Burdened Property or any portion thereof may apply to the Board for a termination of the Restrictions as they apply to all or any portion of the Burdened Property.

4.3 Term. Unless terminated in accordance with Paragraph 4.2 above, by law or otherwise, this Covenant shall continue in effect in perpetuity.

ARTICLE V MISCELLANEOUS

5.1 No Dedication Intended. Nothing set forth herein shall be construed to be a gift or dedication, or offer of a gift or dedication, of the Burdened Property or any portion thereof to the general public.

5.2 Notices. Whenever any person gives or serves any notice, demand, or other communication with respect to this Covenant, each such notice, demand, or other communication shall be in writing and shall be deemed effective (1) when delivered, if personally delivered to the person being served or an official of a government agency being served, or (2) three (3) business days after deposit in the mail if mailed by United States mail, postage paid certified, return receipt requested, addressed:

If to: "Covenantor"
Eroza-Grasso, LLC, a California Limited Liability Company
13977 Saddle Ridge Road
Sylmar, CA 91342-1150

If to: "Board"
Regional Water Quality Control Board
Lahontan Region
Attention: Executive Officer
14440 Civic Drive, Suite 200
Victorville, California 90013

5.3 Partial Invalidity. If any portion of the Restrictions or terms set forth is determined by a court having jurisdiction to be invalid for any reason, the remaining portion shall remain in full force and effect if such portion had not been included herein.

5.4 Article Headings. Headings at the beginning of each numbered article of this Covenant are solely for the convenience of the parties and are not a part of the Covenant.

5.5 Recordation. This instrument shall be executed by the Covenantor and by the Executive Officer of the Board. This instrument shall be recorded by the Covenantor in the County of Los Angeles within ten (10) days of date of execution.

5.6 References. All references to Code sections include successor provisions.

5.7 Construction. Any general rule of construction to the contrary notwithstanding, this instrument shall be liberally construed in favor of the Covenant to preserve and implement the purpose of this instrument and the policies and purposes of the Water Code. If any provision of this instrument is found to be ambiguous, an interpretation consistent with the purpose of this instrument that would render the provision valid shall be favored over any interpretation that would render it invalid.

IN WITNESS WHEREOF, the parties execute this Covenant as of the date set forth above.

Covenantor: Eroza Grassi, LLC
By: Jorge Eroza
Title: Gen. Mgr
Date: 7/10/7

Board: California Regional Water Quality Control Board
Lahontan Region

By: _____
Title: Executive Officer
Date: _____

STATE OF CALIFORNIA

COUNTY OF Los Angeles

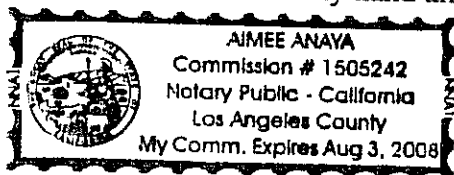
)
) SS. Acknowledgment as to Covenantor
)

On Sept. 11th, 2007, before me Aimee Anaya, Notary Public
[insert date] [insert name and title of officer]

the undersigned, personally appeared George Eric Zee,
[insert Covenantor's or Covenantor's agent's name]

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) (is/are) subscribed to the within instrument, and acknowledged to me that (he/she/they) executed the same in (his/her/their) authorized capacity(ies), and that by (his/her/their) signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Aimee Anaya
Notary Public in and for said County and State

STATE OF CALIFORNIA

COUNTY OF _____

)
) SS. Acknowledgment as to California Regional Water
) Quality Control Board, Lahontan Region

On _____, 20____, before me _____,
[insert date] [insert name and title of officer]

the undersigned, personally appeared _____,
personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) (is/are) subscribed to the within instrument, and acknowledged to me that (he/she/they) executed the same in (his/her/their) authorized capacity as Executive Officer, and that by (his/her/their) signature(s) on the instrument the California Regional Water Quality Control Board, Lahontan Region executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said County and State

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

The land referred to herein is situated in the State of California, County of Los Angeles, described as follows:

Parcel 1:

The West Half of the Northwest Quarter of the Northeast Quarter of the Northwest Quarter of Section 34, Township 7 North, Range 12 West, San Bernardino Meridian in the City of Lancaster, County of Los Angeles, State of California, according to the Official Plat of the Survey of said land on file in the Bureau of Land Management.

Except therefrom one-fourth of all oil, gas and other hydrocarbon substances in and under said land, as reserved by Eva Mae Hunter, et al., by deed recorded in Book 3950, Page 182, Official Records of said County.

A.P.N. 3128-009-063